



*United States Attorney  
Southern District of New York*

FOR IMMEDIATE RELEASE  
July 22, 2004

CONTACT: U.S. ATTORNEY'S OFFICE  
HERBERT HADAD, MEGAN GAFFNEY  
PUBLIC INFORMATION OFFICE  
(212) 637-2600

**BUSINESSMAN PLEADS GUILTY IN U.S. COURT TO  
ATTEMPTED USE OF \$80 MILLION IN 'VENEZUELAN BONDS' IN  
FRAUDULENT SCHEME**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced that ALPHA NICKELBERRY pled guilty in Manhattan federal court late yesterday to fraud charges in connection with a fraudulent scheme to use bonds purportedly issued by the Government of Venezuela as collateral for a loan.

According to the Information and an earlier criminal Complaint against NICKELBERRY, in or about December 2003, NICKELBERRY and two unindicted co-conspirators, a lawyer in New York ("CC-1") and a California businessman ("CC-2") falsely claimed to JP Morgan Chase ("Chase") that they controlled bonds, purportedly issued by the Venezuelan Government, in furtherance of a scheme to use the bonds to obtain a line of credit. After checking with the Venezuelan Government, Chase determined that they did not control the bonds. As a result, according to the

Complaint, in or about December 2003, Chase referred the case to the Federal Bureau of Investigation ("FBI").

According to the charges, in or about January 2004, NICKELBERRY and CC-1 met with an undercover FBI agent (the "UC") in New York, New York. The UC was posing as a businessman who represented clients seeking to obtain, in exchange for a fee, collateral for loans. NICKELBERRY and CC-1 advised the UC that they were working with CC-2 whose company controlled \$5 billion worth of a different set of bonds purportedly issued by the Venezuelan Government (the "Venezuelan Bonds") and that they wanted to use the bonds as collateral to secure a line of credit.

According to the Complaint, NICKELBERRY received a letter, dated January 22, 2004, from legal representatives of the Venezuelan Government which explained that CC-2's company did not control the Venezuelan Bonds.

According to the Information, in or about January 2004, the UC proposed to NICKELBERRY, CC-1 and CC-2 that a portion of the Venezuelan Bonds, purportedly worth \$80 million, be used to collateralize a loan for one of the UC's clients. The UC further explained that the client would pay each of them a \$480,000 commission for their role in providing the collateral for the loan. NICKELBERRY, CC-1 and CC-2 agreed to use a portion of the Venezuelan Bonds, purportedly worth \$80 million, as collateral for the loan, it was charged.

According to the Information, in connection with providing collateral for the loan, NICKELBERRY, CC-1 and CC-2 submitted false documents to the UC purporting to show that CC-2's company controlled the Venezuelan Bonds, although in fact neither they, nor CC-2's company, controlled or had access to the Venezuelan Bonds.

According to the charges, in or about March 2004, NICKELBERRY, CC-1 and CC-2 made arrangements to meet with the UC in New York, New York to receive their commissions and to sign documents which purportedly would allow the UC's client to use the Venezuelan Bonds as collateral for a loan. According to the Information, on or about March 23, 2004, at a meeting in New York, New York, NICKELBERRY accepted from the UC a check in the amount of \$480,000.

NICKELBERRY, age 51, resides in Rockaway, New Jersey. NICKELBERRY faces a maximum sentence of 5 years in prison and a maximum fine of \$250,000.

Judge PATTERSON scheduled NICKELBERRY'S sentencing for November 9, 2004, at 4pm.

Mr. KELLEY praised the investigative efforts of the FBI in this case.

Assistant United States Attorney PAUL B. RADVANY is in charge of the prosecution.

04-153

###